

Message Text

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EUR/EE:RCHRISTENSEN PHONE

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FM SECSTATE WASHDC

TO AMEMBASSY BELGRADE

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E.O. 11652: NA

TAGS: APUB, YO

SUBJ: PRESS RELEASE ON EXIMBANK CREDIT TO YUGOSLAVIA

FOR YOUR INFO ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF DOL9,149,000 TO UNIS (UNDRUZENA METALNA INDUSTRIJA SARAJEVO). RELEASE IS SCHED FOR ANNOUNCEMENT HERE IN WASH, D.C. FOR A.M. PAPERS, FRIDAY, MAR 28, 1975.

QTE: EXIMBANK CREDIT OF DOL9,149,000 SUPPORTS DOL22,335,000 SALE OF US EQUIP FOR STEEL MILL FOR YUGOSLAV COMPANY

TO HELP FINANCE A DOL22,335,000 SALE OF US EQUIP, MATERIALS AND SERVICES REQUIRED FOR CONSTRUCTION AND INITIAL OPERATION OF COLD ROLLING STEEL MILL FACILITY IN YUGOSLAVIA, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS
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AUTHORIZED A DIRECT CREDIT OF DOL9,149,000 TO FINANCE 41

PERCENT OF THE TOTAL US COSTS AND A FINANCIAL
GUARANTEE OF A CREDIT OF DOL10,752,000 FROM PRIVATE COMMERCIAL
SOURCES TO FINANCE 48PERCENT OF THE TOTAL US COSTS, ACCORDING TO
EXIMBANK'S CHAIRMAN WILLIAM J. CASEY. EXIMBANK WILL ALSO
PROVIDE A FINANCIAL GUARANTEE OF A LOCAL COST LOAN OF UP TO
DOL2,034,000. THE OBLIGOR, UNIS (UNDRUSENA METALNA INDUSTRIJA
SARAJEVO), WILL MAKE CASH PAYMENT OF THE
BALANCE OF THE US COSTS OF 11PERCENT OR DOL2,434,000.

UNIS WAS ESTABLISHED IN 1968 THROUGH THE MERGE OF FOUR METAL
INDUSTRY ENTERPRISES. IT NOW HAS 20 FACTORIES AND THREE SERVICE
ORGANIZATIONS WHICH ARE ENGAGED IN THE PRODUCTION OF AUTOMOBILES
AND PARTS, MOTORCYCLES AND BICYCLES, TYPEWRITERS, STEAM
PIPES, ROLLER BEARINGS AND OTHER PRODUCTS.

THE PROJECT FOR WHICH FINANCING IS BEING EXTENDED
IS THE DESIGN, CONSTRUCTION AND EQUIPPING FOR COLD ROLLING AND
PROCESSING FACILITIES IN BANJA LUKA, ABOUT 160 MILES WEST OF
BELGRADE FOR THE PRODUCTION OF COLD ROLLED BANDS. WATERBURY
FARREL, CHESHIRE, CONNECTICUT, WILL BE THE PRIME CONTRACTOR FOR
THE COLD ROLLING FACILITIES. PRODUCTION MACHINERY CORP OF
MENTOR, OHIO, WILL PROVIDE THE ENGINEERING DESIGN OF THE
PLANT TOGETHER WITH ITEMS OF EQUIP. GEN ELECTRIC
COMPANY, NEW YORK CITY, WILL FURNISH THE ELECTRICS FOR THE
PROJECT.

THE LOANS ARE TO BE REPAYED IN 20 SEMIANNUAL INSTALLMENTS
BEGINNING DEC 10, 1977. EXIMBANK'S DIRECT CREDIT OF
DOL9,149,000 WILL BE REPAYED OUT OF THE LAST 10 INSTALLMENTS AT AN
INTEREST RATE OF 8PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE
PORTION OF THE CREDIT FROM PRIVATE SOURCES RESULTS IN AN
ESTIMATED INTEREST COST TO THE BORROWER BASED ON CURRENT RATES OF
ABOUT 8.70 PERCENT TO 8.95 PERCENT PER ANNUM. REPAYMENT OF
ALL LOANS IS TO BE GUARANTEED BY PRIVREDNA BANK, SARAJEVO. UNQTE
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TAGS: APUB, YO
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